Daily & Weekly Charts

ANZ Close @ 28.84 on Mar 5th, 2021.

The Daily and Weekly Charts show the recent continuation of the strong uptrend ANZ has been in since November last year. The Weekly Chart however sets the significant levels of Resistance now coming in to play.

Toolbox

Support and Resistance

Trendlines

Support and Resistance

Support and Resistance levels are fundamental concepts to be applied in Chart Analysis. A basic approach to understanding them is as follows.

Support develops in areas where buyers step into the market and outnumber sellers thus providing a floor level in price.

Resistance develops in areas where sellers step into the market and outnumber buyers thus providing a ceiling level in price.

Support and Resistance levels typically develop over time and may reflect prices where participants have acted (and have memory of their actions) in the past. Value at these levels could be considered to be approaching 'fair' by the market, for a period of time. The balance of probability increases that these levels will continue to act in this way until broken thus allowing buy and sell decisions to be made within this framework.

As price moves above and below such levels, it can often accelerate until it reaches the next respective level. What was Resistance can often then in turn become Support and vice versa when price breaks through these levels.

In fast moving markets it is important to note that these levels can become quite fluid.

Probability Framework

The ANZ chart provides a good illustration of how price can break through a significant level of Resistance that has developed over time, move quickly to the next relevant level above, consolidate and find a level of Support and then repeat the process within a rising trend.

Price levels that previously provided Resistance now can act as Support.

The most recent price action shows a strong break above the short-term Resistance around 27.00. This level can be seen on the Weekly Chart as the level that the market collapse began at for ANZ at the beginning of the Pandemic.

Price is approaching the 29.00 range after three strong trading days now. This is a strong historical Resistance level for ANZ on the Weekly Chart so price action around this level should be watched closely.

Trendlines

Trendlines, like Support and Resistance levels, are fundamental concepts to be applied in Chart Analysis. A basic approach to understanding them is as follows.

Support develops in areas where buyers step into the market and outnumber sellers thus providing a floor level in price. An uptrend can be considered an inclining support line where buyers are finding themselves having to bid increasingly higher to have their orders filled each day. An uptrend line is represented on the chart connecting the lows of multiple price bars.

Resistance develops in areas where sellers step into the market and outnumber buyers thus providing a ceiling level in price. A downtrend can be considered a declining resistance line where sellers are finding themselves having to offer increasingly lower prices to have their orders filled each day. A downtrend line is represented on the chart connecting the highs of multiple price bars.

It is important to understand that a trendline is not controlling the price in any way but rather is a graphical illustration of what the price has already done. A change in the nature of the price action and a subsequent break of a trendline can be the indication traders and investors need to register this change in real time.

Trendlines may be well defined and give a good indication of the balance of probability, or sometimes better represented as ranges and channels. Support from an uptrend line may become resistance following a break and vice versa for downtrend lines.

Probability Framework

ANZ's price action allows a well-defined, medium term Uptrend line to be plotted on the chart (green).

The character of the trend over time can be seen to show repeated short but strong up-moves of price away from the trendline (red). Failure of these is then followed by periods of consolidation until momentum again has time to build.

With the recent strong up-move again away from the trendline following the break of Resistance around 27.00, price has approached a range where consolidation and a retest of Support has been the observed behaviour in the past.

Combined Probability Framework

ANZ has been in a solid medium-term uptrend since November last year, which can be plotted well on the Chart.

The long term-group of averages in the Guppy Multiple Moving Average indicator are well spread, parallel and acting as strong support for the uptrend on any price dips that have approached the trend line to date.

The Weekly Chart shows that price has now returned to levels that acted as strong Resistance prior to the beginning of the Pandemic market sell-off last year.

With price now above the short-term group of Guppy MMA averages, well extended away from the trend line and approaching strong historical Resistance levels, ANZ should be monitored for the first signs of loss of momentum in the current up-move.